

Mr. Chairman, Ranking Minority Member, and Members of the Committee:

I am pleased to be here today to discuss the results of our investigation concerning health care billing consultants who conduct seminars or workshops that offer advice to health care providers on how to enhance revenue and avoid audits or investigations. My testimony today is based on our recent report of that investigation, which you are releasing today.¹ Accompanying me today are Dr. Kathryn Locatell, a physician we contracted with to assist us on this investigation, and William Hamel, a criminal investigator with my office.

In summary, consultants at two workshops we attended provided in-depth discussions of regulations that pertain to billing for evaluation and management health care services and compliance with health care laws and regulations. Certain advice provided during those discussions is inconsistent with federal law and guidance provided by the Department of Health and Human Services' Office of Inspector General (OIG). Such advice could result in violations of both civil and criminal statutes. Specifically, certain consultants advocated not reporting or refunding overpayments received from insurance carriers after they were discovered. The consultants also encouraged the performance of tests and procedures that are not medically necessary to generate documentation in support of bills for evaluation and management services at a higher level of complexity than actually confronted during patients' office visits. Furthermore, one consultant suggested that providers discourage patients with low-paying insurance plans, such as Medicaid, from using their services by limiting services provided to them and scheduling appointments for such patients at inconvenient times of the day.

In addition, we are similarly concerned with statements about billing practices made by a private consultant we also contacted. This consultant claims to have a large client base. We did not incorporate the private consultant's remarks into our report due to time constraints; however, Dr. Locatell will discuss the consultant's statements in her testimony today.

If followed, the advice provided at the two workshops we attended would exacerbate program integrity problems in the Medicare and Medicaid programs and result in unlawful conduct. Moreover, the advice raises concerns that some payments previously classified by the Department of Health and Human Services' OIG as improperly paid health care insurance claims may actually stem from conscious decisions to inflate claims by providing unnecessary services or manipulating documentation in an attempt to increase revenue. We have discussed with the OIG the need to monitor workshops and seminars similar to the ones we attended.

Mr. Chairman, at this time, Mr. Hamel will play excerpts from the tapes we recorded at the workshops and during our discussion with the private consultant. He will also explain the context under which these recordings were made. We will then answer any questions that you or other members of the Committee have.

GAO Contacts

¹ See *Health Care: Consultants' Billing Advice May Lead to Improperly Paid Insurance Claims* (GAO-01-818, June 27, 2001).

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